

Message Text

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ACTION EA-14

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INFO AMCONSUL HONG KONG

C O N F I D E N T I A L PEKING 859

E.O. 11652: GDS
TAGS: PINR, CH
SUBJECT: STATUS OF THREE RANKING PRC TRADE OFFICIALS

REF: PEKING A-49, 1973

SUMMARY: TWO REASONABLY SENIOR CHINESE TRADE OFFICIALS
WHO HAVE BEEN ASSOCIATED WITH PRC TRADE WITH THE WEST
AND THE US HAVE APPARENTLY BEEN ILL, WHILE A THIRD WAS REPORTEDLY
SENT TO A MAY 7 CADRE SCHOOL. END SUMMARY.

1. AT THE OPENING OF THE FRENCH INDUSTRIAL, SCIENTIFIC AND
TECHNICAL EXHIBITION IN PEKING MAY 22, A USLO OFFICER
ENCOUNTERED LI CH'UAN, VICE PRESIDENT OF THE CHINA
COUNCIL FOR THE PROMOTION OF INTERNATIONAL TRADE
(CCPIT). LI HAS HELD HIS CURRENT POSITION FOR MANY YEARS, DURING WHICH

HE HAS TRAVELLED EXTENSIVELY ABROAD, INCLUDING VISITS TO A NUMBER
OF WESTERN COUNTRIES. IN JUNE AND JULY OF LAST YEAR HE APPEARED TO
BE THE RANKING CCPIT OFFICIAL CONCERNED WITH SINO-US TRADE
RELATIONS (REFAIR). WE HAD NOT SEEN HIM SINCE JULY, HOWEVER,
AND DURING THE VISIT OF THE NATIONAL COUNCIL FOR US-CHINA TRADE (NCUS
CT)

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DELEGATION LAST NOVEMBER ANOTHER CCPIT VICE PRESIDENT, LI YUNG-T'ING,

FUNCTIONED AS PRINCIPAL ESCORT OFFICER FOR THE DELEGATION. SEVERAL WEEKS AGO, USLO DC HOLDRIDGE WAS TOLD BY CCPIT VICE PRESIDENT, HSIAO FANG-CHOU, THAT LI CH'UAN WAS ILL. THIS WAS ONE REASON, HSIAO SAID, WHY IT WAS NOT POSSIBLE FOR CCPIT TO SEND A DELEGATION TO THE US THIS YEAR (PEKING 0675).

2. WHEN THE USLO OFFICER SPOKE WITH LI CH'UAN ON MAY 22, HE FOUND LI NOTICEABLY THINNER AND WEAKER THAN HE APPEARED LAST SUMMER; HE HAD PERHAPS LOST TWENTY POUNDS. LI SAID HE HAD BEEN SUFFERING FROM HEART TROUBLE FOR MORE THAN SIX MONTHS AND ONLY RECENTLY RETURNED TO WORK. WHEN THE OFFICER REFERRED TO HSIAO'S DISCUSSION WITH HOLDRIDGE AND EXPRESSED HOPE THAT LI MIGHT BE ABLE TO VISIT THE US NEXT YEAR, LI SAID HE HAD HEARD ABOUT THE HSIAO-HOLDRIDGE CONVERSATION. HE WAS STILL RECUPERATING, HE SAID, BUT PERHAPS HE WOULD BE ABLE TO VISIT THE US NEXT YEAR.

3. LI IS NOT THE ONLY TRADE OFFICIAL WITH WHOM USLO HAS FORMERLY HAD DEALINGS WHO REPORTEDLY HAS BEEN ILL. MFT THIRD DEPARTMENT (EUROPE, AMERICAN AND OCEANIAN AFFAIRS) DEPUTY DIRECTOR P'ENG CH'ING-PO HAS BEEN OUT OF ACTION FOR SOME TIME, ACCORDING TO MFT, HE TOO IS SUFFERING FROM HEART TROUBLE AND HIGH BLOOD PRESSURE (PEKING 0668). MEANWHILE, POLITICAL "ILL HEALTH" MAY BE AFFECTING PE'ENG'S DEPUTY, LI SHU-TE, WHO IS MFT SECTION CHIEF FOR THE AMERICAS. A PEKING-BASED DIPLOMAT WAS

RECENTLY TOLD BY AN MFT OFFICIAL THAT LI SHU-TE HAS BEEN ASSIGNED TO A MAY 7 CADRE SCHOOL FOR ONE YEAR. LI WAS PROMINENT IN WORKING LEVEL RELATIONS WITH USLO LAST YEAR AND PLAYED AN IMPORTANT ROLE IN CCPIT'S TALKS WITH THE NCUSCT DELEGATION IN PEKING. HE ALSO SERVED AS DEPUTY HEAD OF A MARKET SURVEY MISSION TO CANADA LAST DECEMBER. THE LATTER DELEGATION HAD BEEN HASTILY ORGANIZED AND DISPATCHED FOLLOWING PREMIER CHOU'S MEETINGS WITH PRIME MINISTER TRUDEAU LAST OCTOBER WHEN CHOU EXPRESSED MAJOR DISATISFACTION WITH MFT'S PERFORMANCE IN EXPANDING PRC SALES TO CANADA (PEKING 1534, 1973).

4. COMMENT: UNLESS LI CH'UAN HAS BEEN SUBJECTED TO VERY ROUGH TREATMENT, WE ARE INCLINED TO ACCEPT HIS EXPLANATION THAT HE HAS BEEN SERIOUSLY ILL. THIS LENDS SOME CREDENCE TO HSIAO FANG-CHOU'S CONFIDENTIAL

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EXPLANATION OF WHY CCPIT CANNOT SEND A MISSION TO THE US THIS YEAR. IT SEEMS UNLIKELY, HOWEVER, THAT THE ILLNESS OF ONE OR EVEN SEVERAL RANKING OFFICIALS CONCERNED WITH SINO-US TRADE COULD PREVENT CCPIT FROM BEING ABLE TO ORGANIZE A MISSION TO THE US IF THEY TRULY WISHED TO DO SO, AND IT IS BECOMING INCREASINGLY CLEAR THAT OTHER FACTORS HAVE CONTRIBUTED TO THE CCPIT POSTPONEMENT (SEE VISITING US GOVERNORS INTERVIEWS WITH PRC OFFICIALS, PEKING 828 AND PREVIOUS).

5. AS FOR PENG'S REPORTED ILLNESS, WE HAVE NO CONCRETE REASON TO DISPUTE THIS EITHER. HOWEVER, THE TEMPORARY REMOVAL OF LI SHU-TE RAISES THE POSSIBILITY THAT SOME POLICY-LEVEL OFFICIALS WHO HAVE BEEN INVOLVED WITH CHINA'S TRADE WITH WESTERN COUNTRIES, AND PERHAPS WITH THE US IN PARTICULAR, MAY HAVE ENCOUNTERED PROBLEMS DURING THE CURRENT CAMPAIGN AND MAY ALREADY BE UNDER A POLITICAL CLOUD.

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